

Article – Commercial Law

11-501.

(b) "Basic cost of cigarettes" means the lesser of the invoice cost or the replacement cost of cigarettes to the retailer or wholesaler; plus any in-freight charge to the wholesaler otherwise not included in the invoice cost or the replacement cost; PLUS FOR THE WHOLESALER THE FULL FACE VALUE OF ANY APPLICABLE MARYLAND CIGARETTE TAX PAYABLE BY THE WHOLESALER; minus any trade discount or discount for cash.

(e) (1) "Cost to the wholesaler", subject to the special cost provisions of § 11-503 of this subtitle, means the basic cost of cigarettes to a wholesaler, plus a markup to cover his cost of doing business, which cost of doing business:

(i) Includes the cartage cost to a retailer [plus the full face value of any cigarette taxes payable by the wholesaler on the cigarettes sold]; and

(ii) In the absence of satisfactory proof of a lesser cost, is presumed to be 5 percent of the basic cost of cigarettes to him.

11-503.

(b) (1) In the absence of satisfactory proof of a lesser aggregate cost of doing business, a vending machine operator or retailer who purchases cigarettes at prices ordinarily invoiced to a wholesaler and who receives the wholesaler's discounts on them shall:

(i) First, add to his basic cost of cigarettes the wholesale markup of 5 percent provided for in § 11-501(e) to cover the cost of doing business as a wholesaler[, plus the full face value of any cigarette taxes payable on them]; and

(ii) Then, on the resultant sum, add the retail markup of 8 percent provided for in § 11-501(d).

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1996.

Approved May 23, 1996.

CHAPTER 645**(House Bill 1070)**

AN ACT concerning

Health Insurance – Nonprofit Health Service Plans – Provider Reimbursements

FOR the purpose of eliminating a provision requiring nonprofit health service plans to submit for approval to the Insurance Commissioner the terms and provisions of the contracts executed with certain health care providers; and generally relating to nonprofit health service plans.